
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 625

Session of
1983

INTRODUCED BY LLOYD, KUKOVICH, MAIALE, MORRIS, DeWEESE, MRKONIC,
HALUSKA, TIGUE, PISTELLA, EVANS, JAROLIN, KOSINSKI, HOFFEL,
D. R. WRIGHT, BELFANTI AND DeLUCA, MARCH 23, 1983

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, MARCH 23, 1983

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, regulating construction costs and
3 limiting rate increases.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 66 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 514. Construction cost of electric generating units.

9 (a) Submission of estimate.--No later than 30 days after
10 construction of an electric generating unit is begun, either in
11 this Commonwealth or in some other state, any public utility
12 operating in this Commonwealth and owning any share in that unit
13 shall submit to the commission an estimate of the cost of
14 constructing that unit. If the public utility acquires ownership
15 of any share in an electric generating unit which is under
16 construction on the date of acquisition, the public utility
17 shall, within 30 days of the date of acquisition, submit the
18 latest estimate of the cost of constructing that unit which was

formulated no later than 30 days from the beginning of construction.

(b) Alternative submission.--Subsection (a) shall not apply whenever a public utility is required under another provision of this part to submit an estimate of the cost of constructing an electric generating unit on a date prior to 30 days after the beginning of construction. For the purposes of section 1308 (relating to voluntary changes in rates), the latest estimate submitted pursuant to a provision of this part other than subsection (a) on a date prior to 30 days after the beginning of construction shall be deemed to have been filed pursuant to subsection (a).

(c) Construction audit.--From and after the beginning of construction of an electric generating unit, the commission, or its designee, and the Consumer Advocate, or his designee, shall have reasonable access to the construction site and to any oral or documentary evidence relevant to determining the necessity and propriety of any construction cost. If a public utility objects to any request by the commission or the Consumer Advocate, or persons designated by the commission or the Consumer Advocate, for access to the construction site or to any oral or documentary evidence, the objection shall be decided in the same manner as an on-the-record proceeding pursuant to Chapter 3 (relating to public utility commission). The affected public utility shall have the burden of proof in sustaining any such objection.

(d) Definition.--As used in this section the term "construction" includes any work performed on an electric generating unit which requires the affected public utility to incur an aggregate of at least \$1,000,000 of expenses which, in

accordance with generally accepted accounting principles, are capital expenses and not operating or maintenance expenses.

Section 2. Section 1308 of Title 66 is amended by adding a subsection to read:

§ 1308. Voluntary changes in rates.

* * *

(f) Limitation on rate increases by certain public utilities.--Whenever there is filed with the commission any tariff stating a new rate based in whole or in part on the cost of constructing an electric generating unit, the commission shall compare the estimated construction cost filed in accordance with section 514(a) (relating to construction cost of electric generating units) with the actual construction cost submitted by the utility in support of that tariff. If the actual construction cost exceeds the estimated construction cost, the rate determined by the commission under this section shall not be based on any part of that excess unless the public utility proves that part of the excess to have been necessary and proper. In making its determination under this subsection, the commission shall consider all relevant and material evidence, including evidence obtained pursuant to section 514(c). For purposes of this subsection "construction" includes any work performed on an electric generating unit which requires the affected public utility to incur an aggregate of at least \$1,000,000 of expenses which, in accordance with generally accepted accounting principles, are capital expenses and not operating or maintenance expenses.

Section 3. This act shall apply to construction begun on or after the effective date of this act, except that 66 Pa.C.S. § 514(c) and (d) (relating to construction cost of electric

1 generating units) shall be applicable to construction begun and
2 completed prior to the effective date and to construction begun
3 but not completed prior to the effective date as well as to
4 construction begun on or after the effective date.

5 Section 4. This act shall take effect immediately.